

# ***Glossary***

<b>A</b>	..... <i>1</i>
<b>B C</b>	..... <i>2</i>
<b>D</b>	..... <i>3</i>
<b>E</b>	..... <i>5</i>
<b>F</b>	..... <i>6</i>
<b>G H I</b>	..... <i>7</i>
<b>L</b>	..... <i>8</i>
<b>M</b>	..... <i>9</i>
<b>N</b>	..... <i>10</i>
<b>O P</b>	..... <i>11</i>
<b>R S</b>	..... <i>12</i>
<b>T U W</b>	..... <i>13</i>





- Adjustment:** An action a school can bring after the release of the official cohort default rates. There are two types of adjustments: an uncorrected data adjustment and a new data adjustment.
- AGI:** Abbreviation used to refer to adjusted gross income.
- Allegation:** For cohort default purposes, a school statement about the accuracy of specific loan information data on the loan record detail report.
- Appeal:** An action a school can bring after release of the official cohort default rates. There are six types of appeals: an erroneous data appeal, a loan servicing appeal, an economically disadvantaged appeal, a participation rate index appeal, an average rates appeal, and a thirty-or-fewer borrowers appeal.
- Average Rate:** One of two methods of calculating an official cohort default rate. The average rate formula is used to calculate the official cohort default rate for a school with 29 or fewer borrowers entering repayment during a cohort fiscal year that had a cohort default rate calculated for the two previous cohort fiscal years.
- Average Rates Appeal:** As described in Section 668.196 of Title 34 of the Code of Federal Regulations (34 CFR 668.196). A school facing sanction based on three consecutive official cohort default rates of 25.0 percent or greater is not subject to that sanction if at least two of these official cohort default rates are average rates and would have been less than 25.0 percent if they had been calculated using only the data for that cohort fiscal year alone. In addition, a school facing sanction based on one official cohort default rate that is greater than 40.0 percent is not subject to that sanction if the official cohort default rate was calculated as an average rate.
- Award Year:** The period of time from July 1 of one year to June 30 of the following year. The year used in some Title IV programs.



**Benefit:** Advantage granted to schools with low official cohort default rates. Schools with low official cohort default rates may be exempt from certain loan disbursement requirements.



**CAM:** Abbreviation used to refer to Client Account Manager.

**Case Management:** The office within SFA that reviews school compliance with the student financial assistance regulations.

**CFR:** Abbreviation used to refer to the Code of Federal Regulations.

**Challenge:** An action a school can bring after release of the draft cohort default rates. There are two types of challenges: an incorrect data challenge and a participation rate index challenge.

**Claim Paid Date:** The date a guaranty agency reimburses a lender for a defaulted FFEL. This date is used to determine if the borrower will be placed in the numerator of the cohort default rate calculation. If the claim paid date falls within the cohort default period, the borrower is included in both the denominator and numerator of the cohort default rate calculation.

**Client Account Manager:** The individual agents within Direct Loan Schools Relations.

**Cohort Default Period:** The two-year period that begins on October 1 of the fiscal year when the borrower enters repayment and ends on September 30 of the following fiscal year.

**Cohort Default Rate Calculation:** As described in 34 CFR 668.183. The percentage of a school's borrowers who enter repayment on certain FFELs and/or Direct Loans and default (or meet other specified conditions).

**Cohort Fiscal Year:** The fiscal year for which the cohort default rate is calculated.

**Commonality of Ownership:** A commonality of ownership or management exists between schools if, at each school, the same person, or a member of that person's family, directly or indirectly holds or held a managerial role or has or had the ability to substantially affect the school's actions.

**Completion Rate:** As described in 34 CFR 668.194(c). The percentage of students enrolled at a school who completed their program. Used by degree-granting schools when submitting an economically disadvantaged appeal.

**Consolidation:** The process of repaying an existing loan account with a new loan. Generally, the borrower combines multiple loans into one new loan.

**CPD:** Abbreviation used to refer to the claim paid date.

**Data Manager:** Depending on the loan, a data manager may be the Direct Loan Servicer, a guaranty agency, or in some instances, Default Management.



**Data Manager Code:** A code number used to identify the data manager for a loan. Another name for the Guarantor/Servicer Code.

**Date Entered Repayment:** The date when the borrower begins repayment on a loan. Generally, the date entered repayment occurs after the end of a grace period.

**DD:** Abbreviation used to refer to the default date.

**Default:** Except in other specified conditions, a FFEL is considered to be in default for cohort default rate purposes only if the guaranty agency has paid a default claim on the loan to the lender. Except in other specified conditions, a Direct Loan is considered to be in default for cohort default rate purposes after 360 days of delinquency (or after 270 days of delinquency, if the borrower's first day of delinquency was before October 7, 1998).

**Default Date:** Except in other specified circumstances, the default date on a FFEL for cohort default rate purposes is the claim paid date. Except in other specified circumstances, the default date on a Direct Loan for cohort default rate purposes is the 361st day of delinquency (or the 271st day of delinquency, if the borrower's first day of delinquency was before October 7, 1998).

**Default Management:** The office within SFA that calculates and releases school cohort default rates and works with schools and data managers in the cohort default rate challenge, adjustment, and appeal process.

**Degree-Granting School:** A school that offers an associate, baccalaureate, graduate, or professional degree. A school should refer to its Eligibility and Certification Approval Report if the school is uncertain about its degree-granting status.

**Delinquency:** A borrower who misses a regularly scheduled payment is considered in delinquency. The more payments the borrower misses, the longer the delinquency.

**Denominator:** There are two elements when dividing numbers: the numerator and the denominator. The numerator is the number that is divided and is listed first in a mathematical equation; the denominator is the number the numerator is divided by and is listed second in a mathematical equation.

**Department:** Abbreviation used to refer to the U.S. Department of Education.

**DER:** Abbreviation used to refer to the date entered repayment.

**Direct Loan:** Abbreviation used to refer to the William D. Ford Federal Direct Loan Program or to a loan made under that program.

**Direct Loan Schools Relations:** The office within SFA that provides technical assistance mainly to Direct Loan schools.

**Direct Loan Servicer:** The data manager responsible for Direct Loans.

**Direct Stafford/Ford Loans:** Term used to refer to Federal Direct Subsidized Stafford/Ford Loans and Federal Direct Unsubsidized Stafford/Ford Loans.

**Disputed Data:** Disputed data occurs when a school submitted an incorrect data challenge, the data manager for the loan disagreed with the challenge, the school believed the data manager was incorrect, and the same data are used to calculate the school's official cohort default rate.



**Economically Disadvantaged Appeal:** As described in 34 CFR 668.194. An appeal alleging that a school should not be subject to sanction because it has a high number of low income students. There are two types of economically disadvantaged appeals: an economically disadvantaged appeal based on low income rate and placement rate and an economically disadvantaged appeal based on low income rate and completion rate.

**EFC:** Abbreviation used to refer to the Expected Family Contribution.

**Eligibility:** The ability to participate in one or more of the Title IV programs the Department administers. A school that is sanctioned for high official cohort default rates is subject to a loss of eligibility in certain Title IV programs.

**Eligible Program:** An educational program at a school that meets the criteria for Title IV program eligibility.

**Erroneous Data Appeal:** As described in 34 CFR 668.192. An appeal that alleges that because of new data and/or disputed data included in the official cohort default rate calculation, a school's official cohort default rate data is inaccurate.

**Evasion:** An attempt to avoid cohort default rate sanctions by changing a school's name, location, OPE ID, or other status.

**Expected Family Contribution:** The amount a student and his or her family is expected to contribute to the student's post-secondary educational expenses.

## F

**Family Educational Rights and Privacy Act:** Along with the Privacy Act of 1974, a law governing the release of private information. These laws apply to all cohort default rate loan data because this data contains personal identification information about borrowers who received loans under the FFEL and Direct Loan programs. State and local laws and regulations may also govern the use of this material.

**Federal Family Education Loan Program:** Full name of the FFEL Program. The Federal Family Education Loan Program comprises three loan programs: subsidized Federal Stafford Loans and unsubsidized Federal Stafford Loans (collectively referred to as Federal Stafford Loans), Federal PLUS Loans, and Federal Consolidation Loans. Only Federal Stafford Loans are directly included in the cohort default rate calculation. Federal Supplemental Loans for Students (Federal SLS loans) were formerly part of the Federal Family Education Loan Program. However, Federal SLS loans have not been made since July 1, 1994. It is possible for a Federal SLS loan to be included in a current cohort default rate calculation under certain circumstances.

**Federal Fiscal Year:** A federal fiscal year begins on October 1 of the calendar year and ends on September 30 of the next calendar year. A federal fiscal year is always identified by the calendar year when the fiscal year ends. Also referred to as a fiscal year.

**Federal Stafford Loans:** Term used to refer to subsidized Federal Stafford Loans and unsubsidized Federal Stafford Loans.

**FERPA:** Abbreviation used to refer to the Family Educational Rights and Privacy Act.

**FFEL:** Abbreviation used to refer to the Federal Family Education Loan Program. For the purposes of this Guide, FFEL is also used to refer to those FFELs that are included in the cohort default rate calculation.

**Fiscal Year:** Another name for federal fiscal year.

**FY:** Abbreviation used to refer to a specific fiscal year, such as FY 2000. The specific year is always the calendar year when the fiscal year ends.



**GPA:** Abbreviation used to refer to the grade point average.

**Grace Period:** For Federal Stafford Loans and Direct Stafford/Ford Loans, the six-month period that generally begins when a borrower separates (graduates or withdraws) from school or drops below half-time enrollment.

**Guarantor/Servicer Code:** A code number used to identify the data manager for a loan. Another name for the data manager code.

**Guaranty Agency:** The data manager responsible for FFELs not held by the Department.

**HEA:** Abbreviation used to refer to the Higher Education Act (HEA) of 1965, as amended.

**Higher Education Act of 1965:** The original legislation authorizing the creation of the Title IV programs.

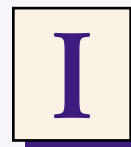
**ICRD:** Abbreviation used to refer to the income-contingent repayment date.

**IIS:** Abbreviation used to refer to Institutional Improvement Specialist.

**Improperly Serviced Loan:** As described in 34 CFR 668.193(b). If the holder of a loan fails to perform certain activities when servicing the loan, the loan is considered improperly serviced. For this Guide, “improperly serviced” always means “improperly serviced for cohort default rate purposes only.”

**Inaccurate Data:** Information on the loan record detail report that is incorrectly reported, incorrectly included, or incorrectly excluded.

**Income-Contingent Repayment Date:** The date that the borrower who received a Direct Loan to attend a non-degree-granting proprietary school is considered in default because other specified conditions relating to income-contingent repayment apply. Also referred to as negative amortization date.



**Income-Contingent Repayment Plan:** A repayment plan for Direct Loans based on the borrower's income.

**Incorrect Data Challenge:** As described in 34 CFR 668.185(b). After the release of the draft cohort default rates, the Department provides schools with an opportunity to review the draft cohort default rate data and, if necessary, work with the data manager responsible for the loans to correct any errors. The process of correcting data is called an incorrect data challenge. This process was formerly referred to as a draft data challenge.

**Institutional Improvement Specialist:** An individual agent within Case Management.



**Last Date of Attendance:** The date that a student leaves school entirely (graduates or withdraws). The last date of attendance is the day before the borrower's grace period begins.

**LDA:** Abbreviation used to refer to the last date of attendance.

**Less-Than-Half-Time Date:** The date that a student's enrollment status drops to less than half-time. The less-than-half-time date is the day before the borrower's grace period begins.

**Liability:** Certain costs associated with FFELs and Direct Loans that a school must pay if the school continued to certify and deliver or originate and disburse loans while the school's unsuccessful adjustment and/or appeal was pending.

**Loan Record Detail Report:** A loan record detail report contains information on the loans that were used to calculate a school's draft or official cohort default rate. The loan record detail report lists a school's FFEL and/or Direct Loan activity, including but not limited to the number of borrowers who entered repayment during a given cohort fiscal year, the number of borrowers who defaulted in the cohort period, and the loan status of those borrowers.

**Loan Servicing Appeal:** As described in 34 CFR 668.193. An appeal alleging that a school's official cohort default rate includes defaulted FFELs or Direct Loans that are considered improperly serviced for cohort default rate purposes and used in determining cohort default rates.

**Loan Servicing Records:** Records that detail the servicing activities a loan holder performed when servicing a loan. For FFELs, loan servicing records are the collection and payment history records that are provided to the guaranty agency by the lender and used by the guaranty agency in determining whether to pay a claim on a defaulted loan. For Direct Loans, loan servicing records are the collection and payment history records that are maintained by the Direct Loan Servicer.

**Low Income Rate:** As described in 34 CFR 668.194(b). The percentage of students with low incomes enrolled at a school. Used when submitting an economically disadvantaged appeal.

**LTH:** Abbreviation used to refer to the less-than-halftime date.

**Management's Written Assertion:** The materials a school submits to an independent auditor and to Default Management as part of the school's economically disadvantaged appeal. An independent auditor must review the management's written assertion.

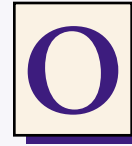


**Monthly Status Report:** A cumulative list of challenge, adjustment, and appeal requests that data managers receive from schools after the release of the draft cohort default rates and the official cohort default rates. Monthly status reports assist Default Management in monitoring the time frames associated with the cohort default rate process. The monthly status report is sent to Default Management within seven calendar days of the end of each month.



- N/A:** Abbreviation used to refer to the term “not applicable.”
- National Student Loan Data System:** The Department’s database of federal student loan information. This information is used to calculate a school’s cohort default rate.
- NegAm:** Abbreviation used to refer to the negative amortization date.
- Negative Amortization Date:** Another name for income-contingent repayment date.
- New Data:** New data occurs when data reported to NSLDS is newly reported, included, or excluded between the calculation of the draft and official cohort default rates. For the purposes of this Guide, any mention of “new data” refers to “new incorrect data.”
- New Data Adjustment:** As described in 34 CFR 668.191. A new data adjustment is a course of action that provides a school with the opportunity to challenge the accuracy of new data included in the school’s official cohort default rate that was not reflected in the draft cohort default rate.
- Non-Average Rate:** One of two methods of calculating an official cohort default rate. The non-average-rate formula is used for a school with 30 or more borrowers entering repayment during a cohort fiscal year.
- Non-Degree-Granting School:** A school that does not offer an associate, baccalaureate, graduate, or professional degree. A school should refer to its Eligibility and Certification Approval Report if the school is uncertain about its degree-granting status.
- NSLDS:** Abbreviation used to refer to the National Student Loan Data System.
- Numerator:** There are two elements when dividing numbers: the numerator and the denominator. The numerator is the number that is divided and is listed first in a mathematical equation; the denominator is the number the numerator is divided by and is listed second in a mathematical equation.

**Office of Student Financial Assistance:** The office within the Department that is responsible for managing the operational functions supporting the Title IV programs.



**Other Specified Conditions:** In addition to those borrowers who default, borrowers who meet certain conditions are also considered to be in default for cohort default rate purposes. The first condition involves borrowers who receive a Direct Loan to attend a non-degree-granting proprietary school. Such a borrower is considered in default for the purposes of calculating a cohort default rate if, during the cohort default period in question, the borrower is in repayment for 360 days under the income contingent repayment plan with scheduled payments that are less than 15 dollars per month and less than the interest accruing on the loan.

The second condition occurs when a school owner, agent, contractor, employee, or any other affiliated entity or individual makes a payment before the end of the cohort default period to prevent a borrower's default on a loan that entered repayment during the cohort fiscal year. In such a situation, the borrower is considered in default for cohort default rate purposes.

**Overlap:** To have one or more calendar days in common. For example, an award year overlaps a 12-month period if any calendar day that is included in the award year is also included in the 12-month period.

**Participation Rate Index:** As described in 34 CFR 668.195(b). The percentage of a school's students who participated in (borrowed under) the FFEL and/or Direct Loan programs multiplied by the school's cohort default rate.



**Participation Rate Index Appeal:** As described in 34 CFR 668.195. A type of appeal that contends a school should not be subject to sanction because the number of students who obtained loans to attend the school is very low in relation to the number of regular students at the school. A participation rate index appeal is submitted after the release of the official cohort default rates.

**Participation Rate Index Challenge:** As described in 34 CFR 668.185(c). A type of challenge that contends a school should not be subject to sanction because the number of students who obtained loans to attend the school is very low in relation to the number of regular students at the school. A participation rate index challenge is submitted after the release of the draft cohort default rates.

**Placement Rate:** As described in 34 CFR 668.194(d). The percentage of students enrolled at a school who became employed in the occupation for which the school trained them. Used by non-degree-granting schools when submitting an economically disadvantaged appeal.

**Privacy Act of 1974:** Along with the Family Educational Rights and Privacy Act, a law governing the release of private information. These laws apply to all cohort default rate loan data because this data contains personal identification information about borrowers who received loans under the FFEL and Direct Loan programs. State and local laws and regulations may also govern the use of this material.



**Regular Student:** A student who enrolled or was accepted for enrollment at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school.



**Sanction:** Penalties the Department imposes on a school with high official cohort default rates. The sanctions associated with high official cohort default rates occur when a school's three most recent official cohort default rates are 25.0 percent or greater or when a school's most recent official cohort default rate is greater than 40.0 percent. These sanctions include a loss of eligibility to participate in certain Title IV programs.

**SFA:** Abbreviation used to refer to the Office of Student Financial Assistance.

**SSN:** Abbreviation used to refer to the Social Security Number.

**Thirty-or-Fewer Borrowers Appeal:** As described in 34 CFR 668.197. A school that has a total of 30 or fewer borrowers included in the three most recent cohort fiscal years is not subject to sanction.



**12-Month Period:** When submitting a participation rate index challenge, economically disadvantaged appeal, or participation rate index appeal, a school must select a 12-month period on which to base the action. The school may base the action on any 12-month period that ended during the six months immediately preceding the start of the cohort fiscal year for which the school is submitting the action.

**Uncorrected Data Adjustment:** As described in 34 CFR 668.190. A request submitted to Default Management to ensure that a school's official cohort default rate calculation reflects changes that a data manager agreed to in its incorrect data challenge response.



**Unofficial Rate:** An official rate cannot be calculated for a school with 29 or fewer borrowers entering repayment during a cohort fiscal year if the school did not have a cohort default rate calculated for either or both of the two previous cohort fiscal years. Such a school will have an unofficial cohort default rate calculated using the non-average rate formula and current cohort fiscal year data. An unofficial cohort default rate does not meet the statutory definition of a cohort default rate. Therefore, it cannot be used to determine sanctions or benefits.

**William D. Ford Federal Direct Loan Program:** Full name of the Direct Loan Program. The William D. Ford Federal Direct Loan Program comprises three loan programs: Federal Direct Subsidized Stafford/Ford Loans and Federal Direct Unsubsidized Stafford/Ford Loans (collectively referred to as Direct Stafford/Ford Loans), Direct Plus Loans, and Direct Consolidation Loans. Only Direct Stafford/Ford Loans are directly included in the cohort default rate calculation.



